

Message Text

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C O N F I D E N T I A L STATE 184223

EXDIS

E.O. 11652: GDS

TAGS:PFOR, EAGR, ETRD, BR, US

SUBJECT: MESSAGE FROM SECRETARY FOR FOREIGN MINISTER
SILVEIRA ON SOYBEANS AND OTHER ISSUES

1. PLEASE DELIVER FOLLOWING MESSAGE FROM THE SECRETARY
TO FOREIGN MINISTER SILVEIRA.
2. BEGIN TEXT: DEAR ANTONIO: FIRST OF ALL I WANT TO
SAY THAT I HAVE LOCATED YOUR PAPER ON NAMIBIA AND
RHODESIA AND HAVE FOUND IT, AS USUAL WITH YOUR ANALYSES,
VERY PERCEPTIVE. AS I SEE IT, THE ESSENCE OF THE
SOUTHERN AFRICA PROBLEM IS WHETHER IT WILL BE POSSIBLE
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TO START AN EVOLUTION IN RHODESIA, NAMIBIA -- AND SOUTH

AFRICA ITSELF -- IN WHICH THERE ARE SUFFICIENT GUARANTEES FOR MINORITIES .

HOPE TO CONTRIBUTE TOWARD A RESOLUTION THAT IS ACHIEVED BY NEGOTIATION AND NOT BY VIOLENCE, AND WHICH RESPECTS THE DIGNITY OF ALL THE PEOPLES IN THE AREA. I AM SURE THAT BRAZIL SHARES THIS BASIC OBJECTIVE.

3. TO TOUCH ON ANOTHER POINT WHICH CAME UP IN OUR SANTIAGO DISCUSSIONS, WE ARE CHECKING HERE INTO THE DETAILS ON THE HOWITZER SALE TO BRAZIL, WHICH YOU

MENTIONED TO ME DURING OUR MEETING. I WILL BE WRITING TO YOU SEPARATELY ON THIS SOON.

4. I WAS MOST PLEASED TO LEARN THAT APPROVAL HAS BEEN GIVEN FOR THE ESTABLISHMENT OF A US TRADE CENTER IN SAO PAULO. I UNDERSTAND THERE WERE MISGIVINGS AMONG SOME OFFICIALS OF YOUR GOVERNMENT ON THIS QUESTION, BUT I AM CONVINCED THAT THE ACTIVITIES OF THE CENTER WILL SUPPORT AND COMPLEMENT BRAZIL'S DEVELOPMENT GOALS, AND THAT ANY REMAINING DOUBTS AMONG YOUR ASSOCIATES WILL BE DISPELLED IN DUE COURSE. I AM GRATEFUL FOR YOUR FAR-SIGHTED SUPPORT IN THIS MATTER.

5. IN YOUR MOST RECENT LETTER YOU RAISED THE QUESTION OF UNITED STATES SOYBEAN SALES TO POLAND, A SUBJECT WE DID NOT HAVE TIME TO DISCUSS THE LAST TIME WE WERE TOGETHER. ALTHOUGH I CANNOT BE CERTAIN OF THE BASIS FOR THE POLES' DECISION, I BELIEVE THE MOST LIKELY REASON FOR THEIR ACCEPTANCE OF THE OFFER MADE BY U.S. TRADERS WAS ITS ATTRACTIVE PRICE; THE FINANCING MADE AVAILABLE BY THE COMMODITY CREDIT CORPORATION WAS ON COMMERCIAL TERMS GUARANTEED BY AN IRREVOCABLE LETTER OF CREDIT FROM AN APPROVED PRIVATE BANK. YOU MAY BE INTERESTED TO KNOW THAT THE CREDIT BEARS AN INTEREST RATE OF ABOUT 9 PERCENT OVER ITS 36-MONTH TERM. IT WILL BE REPAID IN THREE EQUAL PAYMENTS PLUS ACCRUED INTEREST, WITH NO GRACE PERIOD. THE CCC OFFERS SUCH CREDITS ON A WIDE RANGE OF AGRICULTURAL EXPORTS, INCLUDING SOYBEANS, AND MANY COUNTRIES

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OFFER SIMILAR CREDIT FACILITIES. I HOPE THIS CLARIFICATION IS USEFUL.

6. I AGREE THAT SOME FRICTION IS PERHAPS INEVITABLE NOW THAT BRAZIL HAS EMERGED AS OUR MAJOR COMPETITOR IN THE WORLD SOYBEAN MARKET AND I STAND READY TO CONSULT AT ANY TIME TO AVOID MISUNDERSTANDINGS THAT MAY ARISE IN THIS AREA.

7. I WAS HAPPY TO LEARN THROUGH OUR DIPLOMATIC CHANNELS THAT YOU EXPECT TO BE ABLE TO STAY IN THE UNITED STATES THROUGH THE FIRST DAYS OF OCTOBER THAT WE MAY SCHEDULE A MEETING OF OUR NEW CONSULTATIVE GROUP IN WASHINGTON. I LOOK FORWARD TO THESE DISCUSSIONS AND WILL WELCOME ANY ADVANCE IDEAS THAT YOU MAY HAVE ON THE AGENDA.

8. WARM REGARDS, HENRY A. KISSINGER. END TEXT. ROBINSON

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